

# City of Detroit

## CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*

DATE: July 3, 2007

RE: Transfer of Security Positions to the General Services Department from the Department of Transportation (**Report Number 2**)

The purpose of this report is to better explain from a budget perspective the transfer of security positions from the Department of Transportation (DDOT) to the General Services Department (GSD) in the 2007-08 budget.

Table 1 below illustrates what has occurred in the budget.

<u>Table 1</u>							
<u>DDOT Budget</u>							
<u>Org.</u>	<u>Cost Ctr.</u>	<u>2006-07</u>		<u>2007-08</u>		<u>Difference</u>	
		<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Risk Management	200230	30	\$2,097,218	7	\$1,999,869	(23)	(\$97,349)
<u>GSD</u>							
<u>(Appropriation side)</u>							
D-DOT Security	470037	0	\$0	23	\$1,443,771	23	\$1,443,771
<u>(Revenue side)</u>							
Other Reimburse-							
Ments-DDOT	447605	n/a	\$0	n/a	\$1,443,771	n/a	\$1,443,771

As can be seen in Table 1, 30 FTEs and \$2,097,218 were budgeted for security services under the Risk Management organization in DDOT for fiscal year 2006-07. DDOT operating revenues such as General Fund Subsidy, Farebox, State Operating Assistance and Other Operating Revenue, generally fund DDOT operations, including security services. Council should note that the General Fund Subsidy represents approximately 48% of DDOT's budget.

In some cases, DDOT does use federal dollars for operating purposes, but it is not clear whether DDOT used any federal dollars in 2006-07 to pay for security services. But even if they were, there would not be a problem as long as the security services provided meets the federal grant guidelines. So, even if



another department such as General Services provide the security services for DDOT, as long as the services meet federal guidelines under the federal grant, it should not be a problem paying for those services with federal dollars. However, even though it appears DDOT pays for security services from operating revenue, Council should receive clarification from DDOT whether it has paid in 2006-07 or intends to pay in 2007-08 for any security services from federal dollars.

In addition, Table 1 shows that in fiscal year 2007-08, 23 of the 30 FTEs for DDOT security services were transferred from DDOT's budget to GSD for the effort of consolidating security services for better service delivery. That is why the number of FTEs went from 30 to 7 in DDOT's budget, and increased by 23 in GSD's. However, the level of funding in DDOT remained about the same (there was only a reduction of \$97,349). That is because DDOT will still spend \$1,443,771 from its revenue sources to pay for the 23 positions that were transferred to GSD in 2007-08.

As a result of the transfer, GSD's budget shows a new organization on the appropriation side called "D-DOT Security" that contains the 23 FTEs and the budget of \$1,443,771 to pay for these positions. The 23 FTEs are no longer DDOT employees but are now GSD employees, which receive basically the same salary and benefits as when they were DDOT employees. In addition, there is corresponding revenue for the same amount of \$1,443,771, which reflects DDOT's payment to GSD to reimburse the department for these positions and DDOT security services.

So in essence GSD, a General Fund agency, will be providing security services for DDOT, an Enterprise agency, starting in 2007-08. It is as though a General Fund agency is providing a service for an outside agency, and the outside agency is reimbursing the department for the cost of the service.

Although it is somewhat awkward, GSD's budget in 2007-08 had to show both the cost of providing the security services for DDOT, and a corresponding revenue representing DDOT's reimbursement for these services, which is appropriated in DDOT's budget in 2007-08 and paid for out of DDOT revenues.

This is similar to the situation where the Human Resources Department, a General Fund agency, provides personnel services for the Water and Sewerage Department. Human Resources shows in its budget the cost of providing the service for DWSD, and it shows a personal services revenue for the same amount reflecting DWSD's reimbursement for this service, which is appropriated in DWSD's budget paid for out departmental revenues.

Lastly, Council should note that in 2007-08 GSD would be providing for the first time security services for an enterprise agency. GSD, upon approval by Council, could provide security services for other Enterprise agencies in future budgets.

Council will recall that the 2006-07 adopted budget consolidated the security services formerly provided by Recreation, Department of Public Works, Fire, Police and Department of Administrative Hearings into GSD. Public Lighting's security services were consolidated with GSD's security group in the 2007-08 budget.

Please let us know if we could be of any more assistance.

cc: Council Divisions  
Auditor General's Office  
Ombudsperson's Office  
Pamela Scales, Budget Director  
Roger Short, Chief Financial Officer  
Norman White, DDOT Director  
Charles Beckham, COO/General Services Director  
Anthony Adams, Deputy Mayor  
Kandia Milton, Mayor's Office